



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Resolution Office

處置機制辦公室

Our Ref: B9/124/2/1C

25 June 2021

The Chief Executive  
All Authorized Institutions

Dear Sir / Madam,

**Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights—Banking Sector) Rules**

I am writing to inform you that the Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights—Banking Sector) Rules (“Stay Rules”) were published in the Gazette today.

The requirements under the Stay Rules support the contractual approach to giving effect to cross-border resolution actions which complements and supports statutory frameworks, as advocated by the Financial Stability Board in its *Principles for Cross-border Effectiveness of Resolution Actions* issued in November 2015. Under the Stay Rules, covered entities must ensure that covered contracts contain a term or condition (made, or evidenced, in writing) to the effect that the parties agree in a legally enforceable manner that the parties (other than an excluded counterparty) will be bound by any suspension of termination rights in relation to the contract that may be imposed by the Monetary Authority under section 90(2) of the Financial Institutions (Resolution) Ordinance (Cap. 628). An initial period of 24 or 30 months (depending on the counterparty types) beginning on the day on which the Stay Rules come into operation is provided for covered entities to achieve compliance with the Stay Rules.

The Stay Rules will be tabled before the Legislative Council for negative vetting on 7 July 2021. Subject to the views of the Legislative Council, the subsidiary legislation should come into operation on 27 August 2021.

We will inform you once the negative vetting process has been completed.

Yours faithfully,

Stefan M Gannon  
Commissioner  
Resolution Office

cc: The Chairperson, The Hong Kong Association of Banks  
The Chairperson, The DTC Association  
FSTB (Attn: Ms Candy Lau)